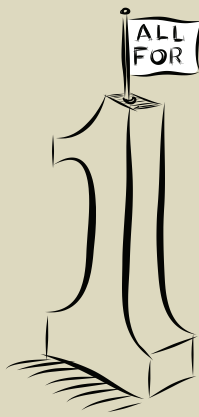


# GOOD ENERGY



Florida Municipal Power Agency  
2012 Annual Report



Florida Municipal Power Agency (FMPA) is a non-profit wholesale power company owned by municipal electric utilities. FMPA provides economies of scale in power generation and related services to support community-owned electric utilities. Thirty-one municipal electric systems, serving approximately 2 million Floridians, own and govern FMPA.

FMPA and its members generate more than electricity. We create good energy.

Good energy starts with our community power structure, which is founded on timeless, common-sense values like reliability, service, community investment and accountability. That energy is amplified by the statewide strength we gain when we work with our fellow municipal utilities.

Good energy is more than electricity. It's a force for good in the community. That's why community power is good energy.

## FISCAL 2012 HIGHLIGHTS

### **Providing Competitive Power Costs**

Municipal electric utilities are offering competitive power costs. Municipal retail rates decreased 7% in three years, and FMPA's wholesale costs decreased 23% in three years.

### **Satisfying Members**

97% of members are satisfied with their relationship with FMPA and believe the Agency is headed in the right direction, according to a 2012 survey.

### **Owning Modern Generation**

FMPA members own a modern, highly efficient fleet of power plants capable of meeting customers' power needs through 2022.

### **Empowering Conservation**

Electric customers will save 23,603 MWh thanks to energy saving products and rebates provided in 2012.

### **Investing in Reliability**

FMPA created an executive-level position to oversee electric reliability and invested in state-of-the-art reliability technology for its power facilities.

### **Growing Membership**

The city of Winter Park, Fla., became the 31st out of Florida's 34 municipal electric utilities to join FMPA.

### **Supporting Working Families**

FMPA was named one of the Orlando Sentinel's 2012 Top 100 Companies for Working Families.

## How do you measure good energy?

This report is not your typical annual report. That's because we're not your typical power company. FMPA doesn't measure its success in profits or shareholder dividends. We measure ourselves against the values we hold dear. We measure success in service to our customers and our members' investment in their communities. Our business is more than electricity; it's a heartfelt mission to spread good energy to the people and communities we touch. By any of these measures, 2012 was a good year for FMPA.

### **What we gave back**

Florida's community power utilities were able to offer lower rates on average for the third year running. Lower power costs keep more money in our customers' pockets, helping our communities continue to recover from the recession. The average retail electric rates for municipal electric utilities have decreased 7% since 2009. For the 14 cities that purchase all their wholesale power needs from FMPA, wholesale power costs have decreased 23% in three years.

These reductions in the cost of generating electricity come from several factors. First, market prices for natural gas reached decade-low prices in 2012. Natural gas is FMPA's primary fuel source for producing electricity, so these changes in the marketplace have benefitted our customers. Second, FMPA's improved fuel-buying strategy enables us to more closely follow the market to take advantage of these lower prices. Additionally, we are constantly searching for ways to reduce costs, so the Agency's expenses were 10% under budget this fiscal year.

Finally, investments in modernizing our fleet of power plants enabled us to generate more electricity with less fuel, saving even more money for our customers. That efficiency is also good for the environment. In fact, our Treasure Coast Energy Center was recently ranked as the fourth cleanest combined-cycle generating plant in the nation, according to Energy Light & Power magazine.

### **How reliable we were**

Keeping power affordable is important. Keeping it reliable is essential. Florida's municipal utilities have an excellent track record of reliability, so they expect nothing less from their wholesale power provider. That's why FMPA made investments to support our exceptional reliability.

First, FMPA created a new executive-level position to oversee electric reliability, including compliance with federal reliability standards. We also invested in state-of-the-art technology to support reliability at our Cane Island Power Park generating facility and to enhance the import capability of the transmission line that connects mainland Florida to the Florida Keys.

“We must never lose sight of what makes FMPA and its members different. We must continue to hold ourselves to a higher standard. Any company can generate electricity, but it takes a community power utility to create good energy.”

Reliability also requires long-range planning. FMPA’s recent investments in modern, high-efficiency generation mean that our members’ power needs are expected to be reliably covered through 2022. FMPA’s members have peace of mind in their power supply future, allowing them to focus their attention on what they do best: listening to their customers.

### **How we treat others**

Municipal electric utilities are known for their exceptional service to their customers and their communities, and FMPA has the same values. We believe that good energy comes from the way we treat the people around us.

That commitment starts with our vision to be the company of choice for employees. We were honored in 2012 to be named one of the Orlando Sentinel’s Top 100 Companies for Working Families. We’re proud to be recognized among companies large and small that demonstrate a commitment to family and work-life balance.

We’re also proud of our employees, who never fail to pass along the good energy through charitable giving. FMPA employees raised more than \$15,500 for charity in calendar year 2012. Those donations are in addition to volunteer projects and donations of food and holiday gifts. We believe the experience of serving our neighbors nurtures the culture of community service that municipal power is all about.

### **How we work together**

FMPA members understand that good energy flows when we work together. Collaboration allows us to unite our collective knowledge, skills and resources for the common good.

That’s why we were pleased to see Florida Gov. Rick Scott sign into law this year a bill that will enable more governmental agencies, like FMPA, to conduct public meetings using audio and video communication technology. The ability to conduct public meetings using modern technology will enhance our flexibility to conduct timely meetings on urgent matters.

Our power to work together also grows stronger through the addition of a new member city. This year, Winter Park, Fla., became FMPA’s 31st member. More than three decades have passed since FMPA was founded, but the benefits of joint action remain as relevant today as ever.

In fact, member relations are at all-time highs at FMPA, according to a survey of our members conducted this year. The report showed that 97% of respondents were satisfied with their relationship with the FMPA staff and believe the Agency is headed in the right direction. As a member-owned organization, our members’ approval is the most important measure of all.



Nicholas P. Guarriello



Vince Ruano

### **The legacy we create**

The final way we measure FMPA's success this year is by the legacy we create for FMPA, for our members and for the people we serve.

We had the privilege this year of reuniting with 24 of FMPA's founding members. We felt it was timely to have the reunion in 2012, since it fell one year after the 25th anniversary of the All-Requirements Project and one year before the 35th anniversary of the Agency's first board meeting. Listening to their stories, it was striking how so much has changed in the world, but one thing that hasn't changed is the value of community power. The benefits of municipal electric utilities are as important to our customers today as they were decades ago.

So, as we take stock of our renewed competitiveness and we look toward the long-term future of FMPA and its members, we must never lose sight of what makes us different. We must continue to hold ourselves to a higher standard. Any company can generate electricity, but it takes a community power utility to create good energy.

Vince Ruano  
Chairman, Board of Directors

Nicholas P. Guarriello  
General Manager and CEO



# THE BENEFITS OF COMMUNITY POWER

## Good energy is reliable.

You can trust that the lights will come on when you flip the switch. When Mother Nature does her worst, you have peace of mind that things will be back to normal soon.

Reliability comes naturally to community power utilities because our crews live and work every day in your community. We get there quickly and stay until the job is done. In fact, a statewide survey of electric utilities shows we restore power nearly twice as fast as Florida's large investor-owned utilities.

Of course, reliable electric service starts with having a reliable power source. Florida's municipal utilities decided many years ago that power generation was too important to leave to someone else. That's why we worked together to form FMPA, so that communities of all sizes could be owners, not renters, of a reliable, statewide network of power plants.

Florida's municipal utilities restore power 42% faster than investor-owned utilities.

Municipal average restoration time



Investor-owned average restoration time





## 2 SERVICE

### Good energy is great service.

At your community power utility, you're a neighbor, not a number. When you have a question, you make a local call because it's the same utility that's been serving your community with pride for decades or, in many cases, more than a century.

Municipal electric utilities' close relationships with customers help us listen and find new ways to meet our communities' needs. That commitment goes beyond electric service and extends to our employees' community involvement both on and off the job.

Florida's community power utilities do even more for our communities by working together to share ideas and resources. For example, 14 of our members worked together to create an energy conservation program that can be customized to the needs of each community. We are also finding unique ways to bring renewable energy to our communities, including innovative grant-funded demonstration projects, as well as customer-owned installations. Teamwork gives us the resources of a large organization with the have-it-your-way flexibility of a community-based organization.

Electric customers will save enough power to serve more than 23,000 average-sized homes for a month thanks to energy saving measures funded through FMPA in 2012.



# 3 INVESTMENT

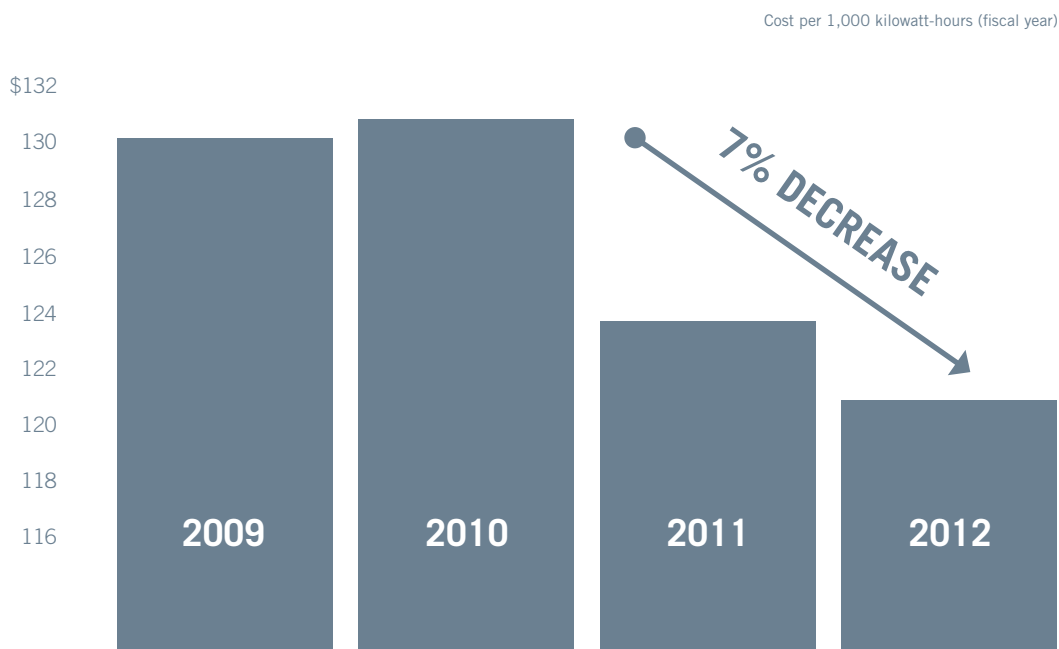
## Good energy invests in the future.

With community power, your money stays in your own community, instead of going into the pockets of far-away shareholders.

Those dollars go to work supporting essential city services or creating new resources that make your city a better place to live, work and play. Nationwide, community power utilities contribute an average of 5% to 6% of their revenues to the community. Better yet, when the cost of electricity goes down, the extra dollars flow back to citizens through our increasingly competitive, not-for-profit rates.

The cost of generating electricity and bringing it to your town accounts for approximately 70% of your monthly electric bill, so we work together through FMPA to keep those power supply costs down. By working together, we can own larger, more efficient power resources than an individual community could build on its own. This creates even more savings for our customers.

Municipal electric utilities' average rates have decreased 7% since 2009.



# 4

## ACCOUNTABILITY

### Good energy thrives where there's accountability.

Community power utilities believe everything works better when our decisions are made locally and in the open.

You have a voice at your municipal utility because the decision-makers are locals just like you. You don't have to drive to another city or even another state to be heard. You can just come to the next public meeting at your local city hall.

By working together through FMPA, we're giving our customers an even greater voice. Together, Florida's municipal electric utilities have the strength in numbers to do what's right for our communities and to be the voice for our citizens on energy issues in Tallahassee and Washington, D.C.

FMPA's 31 member utilities represent the interests of more than 2 million Floridians.



## FINANCIAL HIGHLIGHTS

All-Requirements Project	Fiscal 2012	Fiscal 2011	Change	Project Description
Net Utility Plant	\$956,182,000	\$1,000,086,000	-4.4%	All-Requirements Project provides all the wholesale power needs for 14 members.
Total Assets	\$1,630,708,000	\$1,650,675,000	-1.2%	
Kilowatt-Hours Sold	5,424,379,000	5,549,464,000	-2.3%	
Sales to Participants	\$435,812,000	\$467,025,000	-6.7%	
Cost per Kilowatt-Hour Sold in Cents	8.03	8.42	-4.6%	

St. Lucie Project				
Net Utility Plant	\$114,529,000	\$109,567,000	4.5%	St. Lucie Project is an 8.8% ownership interest in St. Lucie Unit 2, an 875 megawatt <sup>1</sup> nuclear power plant.
Total Assets	\$412,970,000	\$418,086,000	-1.2%	
Kilowatt-Hours at Plant	435,935,000	521,565,000	-16.4%	
Sales to Participants	\$44,207,000	\$48,244,000	-8.4%	
Cost per Kilowatt-Hour Billed in Cents	10.14	9.25	9.6%	

Stanton Project				
Net Utility Plant	\$35,124,000	\$34,420,000	2.0%	Stanton Project is a 14.8% ownership interest in Stanton Unit 1, a 425 megawatt <sup>2</sup> coal-fired power plant.
Total Assets	\$70,554,000	\$72,255,000	-2.4%	
Kilowatt-Hours at Plant	210,924,000	356,409,000	-40.8%	
Sales to Participants	\$25,579,000	\$31,085,000	-17.7%	
Cost per Kilowatt-Hour Billed in Cents	12.13	8.72	39.1%	

Tri-City Project				
Net Utility Plant	\$13,969,000	\$13,814,000	1.1%	Tri-City Project is a 5.3% ownership interest in Stanton Unit 1, a 425 megawatt <sup>2</sup> coal-fired power plant.
Total Assets	\$25,232,000	\$27,730,000	-9.0%	
Kilowatt-Hours at Plant	79,739,000	132,545,000	-39.8%	
Sales to Participants	\$10,490,000	\$11,377,000	-7.8%	
Cost per Kilowatt-Hour Billed in Cents	13.16	8.58	53.4%	

Stanton II Project				
Net Utility Plant	\$108,648,000	\$109,677,000	-0.9%	Stanton II Project is a 23.2% ownership interest in Stanton Unit 2, a 429 megawatt <sup>2</sup> coal-fired power plant.
Total Assets	\$193,565,000	\$196,217,000	-1.4%	
Kilowatt-Hours at Plant	517,357,000	608,812,000	-15.0%	
Sales to Participants	\$44,184,000	\$44,707,000	-1.2%	
Cost per Kilowatt-Hour Billed in Cents	8.54	7.34	16.3%	

<sup>1</sup> Net summer rating, which indicates the unit's design capability. Actual output of the unit may vary based on operating conditions.

<sup>2</sup> Normal high dispatch limit, also known as maximum long-term rating, which indicates the unit's design capability. Actual output of the unit may vary based on operating conditions.

## MEMBER LISTING BY PROJECT

Member Cities	All-Requirements	St.Lucie	Stanton	Tri-City	Stanton II
1. Alachua		0.3 MW			
2. Bartow					
3. Blountstown					
4. Bushnell	6.3 MW				
5. Chattahoochee					
6. Clewiston	27.3	1.7			
7. Fort Meade	11.0	0.3			
8. Fort Pierce	103.3	11.7	15.4 MW	5.1 MW	16.4 MW
9. Gainesville					
10. Green Cove Springs	27.1	1.4			
11. Havana	5.8				
12. Homestead		6.4	7.7	5.1	8.2
13. Jacksonville Beach	171.1	5.6			
14. Key West	137.0			12.3	9.9
15. Kissimmee	310.4	7.2	7.7		32.9
16. Lake Worth	84.9	19.2	10.2		
17. Lakeland					
18. Leesburg	100.5	1.8			
19. Moore Haven		0.3			
20. Mount Dora					
21. New Smyrna Beach		7.6			
22. Newberry	7.8	0.1			
23. Ocala	264.6				
24. Orlando					
25. Quincy					
26. St. Cloud					14.6
27. Starke	15.1	1.7	1.5		1.2
28. Vero Beach		11.7	20.5		16.4
29. Wauchula					
30. Williston					
31. Winter Park					
<b>Total Megawatts</b>	<b>1,272.1 MW<sup>1</sup></b>	<b>77.0 MW<sup>2</sup></b>	<b>63.0 MW<sup>3</sup></b>	<b>22.5 MW<sup>3</sup></b>	<b>99.6 MW<sup>3</sup></b>

<sup>1</sup> Participants' noncoincident peak demand in fiscal 2012. Includes demand served by: 1) Entitlement shares of St. Lucie, Stanton, Tri-City and Stanton II projects for All-Requirements members that are also in these projects, and 2) Portions of Crystal River Unit 3 individually owned by some members.

<sup>2</sup> Participants' capacity entitlements based on the unit's net summer rating, which indicates the unit's design capability. Actual output of the unit may vary based on operating conditions.

<sup>3</sup> Participants' capacity entitlements based on the unit's normal high dispatch limit, also known as maximum long-term rating, which indicates the unit's design capability. Actual output of the unit may vary based on operating conditions.

## BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE<sup>1</sup>

Vince Ruano \*  
Chairman  
Board of Directors  
Bushnell

Kevin McCarthy \*  
Vice Chairman  
Board of Directors  
Clewiston

Lou Hernandez  
Secretary  
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Lynne Tejeda \*  
Utility Board  
City of Key West

Bill Conrad \*  
Treasurer  
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Howard McKinnon \*  
Chairman  
Executive Committee  
Town of Havana

Matt Brower \*  
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Executive Committee  
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Mike New  
Alachua

Vacant  
Bartow

Vacant  
Blountstown

Elmon Lee Garner  
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William Thiess \*  
Fort Pierce Utilities Authority

Robert Hunzinger  
Gainesville Regional Utilities

Gregg Griffin \*  
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Vero Beach

Vacant  
Wauchula

C.J. Zimoski  
Williston

Jerry Warren  
Winter Park

### Management

Nicholas P. Guarriello  
General Manager and CEO

Frederick M. Bryant  
General Counsel and CLO

Frank Gaffney  
Assistant General Manager of and  
Officer of Regulatory Compliance

Mark J. Larson  
Assistant General Manager  
Finance and Information  
Technology and CFO

Mark T. McCain  
Assistant General Manager  
Member Services, Human  
Resources and Public Relations

Thomas E. Reedy  
Assistant General Manager  
Power Resources

### Annual Report

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Writing: Diane Nelson  
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<sup>1</sup> As of Sept. 30, 2012

\* Executive Committee Member

**Internet Address**

Current information about FMPA is available on the Internet at [www.fmpa.com](http://www.fmpa.com).

**Investor Relations**

The FMPA 2012 Annual Report and other information for investors are available in the “Investor Relations” section of FMPA’s website at [www.fmpa.com](http://www.fmpa.com). If you wish to receive future annual reports via email in Adobe® Portable Document Format, please send your request to [pr@fmpa.com](mailto:pr@fmpa.com). All other requests for financial information may be directed to FMPA’s spokesperson at its Orlando office or [pr@fmpa.com](mailto:pr@fmpa.com).

**Media or Other Inquiries**

Media or other inquiries may be directed to FMPA’s spokesperson at its Orlando office or [pr@fmpa.com](mailto:pr@fmpa.com).

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**Underwriters**

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**Caution Concerning Forward-Looking Statements**

This document may include certain forward looking statements. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances that may have a material effect on actual results.

Discover More Online

Full financial statements and current and past annual reports are available on the Investor Relations section of [www.fmpa.com](http://www.fmpa.com).

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